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TO RUEHC/SECSTATE WASHDC PRIORITY 1177
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RUEHAK/AMEMBASSY ANKARA 4036
RUEHBJ/AMEMBASSY BEIJING 1853
RUEHKO/AMEMBASSY TOKYO 1720
RUEHIT/AMCONSUL ISTANBUL 2289
RUEHVEN/USMISSION USOSCE 2699
RUEKJCS/JOINT STAFF WASHDC
RHMFIUU/CDR USCENCOM MACDILL AFB FL
RUEKJCS/SECDEF WASHDC
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RHEFDIA/DIA WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000913

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SUBJECT: TURKMENISTAN: INCREASE IN AIRFARES HAS LED TO IMPROVED
AIRLINE PRACTICES

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Turkmenistan Airlines (Turkmenistan Hawayollary), previously known for its ridiculously cheap airfares and chaotic, corrupt and inconvenient service, is taking a stab at professionalizing itself. Effective June 1, it raised ticket prices ten-fold, eliminating enough demand to ensure a more transparent and convenient ticketing procedure. It has also improved service and initiated direct flights between provincial cities, eliminating some of the transit pressure on Ashgabat airport. Those unwilling to pay the new airline prices are moving to ground transportation, increasing pressure on the government to rehabilitate the highway network and streamline the operations of bus, train and taxi services. END SUMMARY.

PRICES UP, CORRUPTION DOWN

13. (U) Turkmenistan Airlines, which used to offer heavily subsidized tickets, increased its prices substantially effective June 1. One-way domestic tickets on Turkmenistan Airlines used to cost 26,000-37,600 manats (roughly \$1.10 to \$1.50), making it cheaper to fly between cities than to take ground transportation. Tickets now cost 190,000-270,000 manats (about \$14 to \$22). Although the ticket price has increased more than ten times, many Turkmen have welcomed this change because it has lowered demand for tickets and eased ticket purchase procedures.

14. (SBU) Purchasing tickets over the counter had previously been a hopeless affair due to the extremely inexpensive tickets and high demand. To have a hope of walking away with a ticket, customers had to arrive at a Turkmenistan Airlines ticket office at 4:00 am, register on an informal waiting list, and then wait at the ticket office until it opened at 8:00 am. Usually only the first ten customers were able to purchase a ticket due to the limited numbers available at each window. Once those tickets were sold, the ticket agent would announce that tickets were sold out and would close down.

15. (SBU) This chaotic situation created an active black market in airline ticket sales, with bribes reaching as high as 500,000 manats (about \$36) per one-way ticket. (NOTE: Black marketeers made a living off of buying and selling airline tickets. Almost all private and international companies had their own black marketeers

who supplied tickets for a fixed price and his/her surcharge for service. END NOTE.)

¶6. (SBU) By raising ticket prices, Turkmenistan Airlines has cut down enough of its traffic to restore order to purchase procedures. A Pol/Econ Assistant recently purchased a roundtrip ticket to Dashoguz city, and was surprised when the ticket agent asked her which of the three flights at different times in the evening she preferred. (NOTE: Dashoguz used to have the most severe ticket shortages, mostly because shuttle traders imported goods to and from western Uzbekistan via this city. END NOTE.) While it used to be difficult to purchase tickets to Turkmenbashi City -- a popular vacation destination on the Caspian coast -- customers now have a choice of travel dates, up to 15 days prior to travel. (NOTE: In the past, customers traveling to Turkmenbashi could only buy tickets for a particular date eight days prior to travel. END NOTE.) An Embassy contact could not believe that he could obtain tickets to Turkmenbashi without encountering lines or hassle three days prior to his flight.

SERVICE IMPROVES

¶7. (U) Turkmenistan Airlines' service has improved as well. Ticket agents now politely provide information regarding different available flights, a change from ticket agents' previous take-it-or-leave-it approach. In-flight refreshments have also been upgraded. A pack of pastries was added to the usual drinks and candies offered on board.

SCHEDULES IMPROVE

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¶8. (U) Prior to its most recent changes, Turkmenistan Airlines flew 15 daily and four irregular domestic roundtrip flights between Ashgabat and provincial cities. Beginning in early July, the airline introduced six new weekly flights between provincial cities: Turkmenabat-Turkmenbashi (connecting eastern and western points), Turkmenabat-Dashoguz (eastern and northern points), and Turkmenbashi-Mary (southern and western points). Provincial travelers are welcoming these new direct flights, which offer an alternative to inconvenient transits through Ashgabat.

USE OF GROUND TRANSPORTATION INCREASES

¶9. (U) While trains and taxis, the main alternative means of transportation between cities, have also experienced price increases, they were lower than in the aviation sector. For instance, a subsidized ticket on the state train used to cost 45,000-50,000 manats, depending on the seating arrangement. Now seats cost 50,000-60,000 per seat. Taxi service from Ashgabat to Mary has risen from 100,000 to 150,000 manats. Passengers unwilling or unable to pay the higher airfares are now using these cheaper forms of transportation. An embassy employee who accompanied her relatives to the train station last week found the number of people trying to get train seats much higher than before the increase in airfares.

¶10. (SBU) COMMENT: Although domestic airfare has dramatically risen to a more realistic level, it has not resulted in planes flying empty, as many had feared. However, the increased demand for ground transportation will put more pressure on the government to rehabilitate the highway network and streamline the operations of bus, train and taxi services. END COMMENT.

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